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FOREIGN POLICY BULLETIN

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WILL ATOMIC BOMB MAKE INVASION OF JAPAN UNNECESSARY?

THE atomic bomb which struck the Japanese city of Hiroshima on August 5 will alter the outlook and intensify the problems of our entire civilization. Although at this moment the exact effects of the new weapon are unknown, we can be sure that the "impenetrable cloud of dust and smoke" still hanging over Hiroshima hides from our view the remnants of much of our present-day world, as well as the ruins of an enemy army center.

The first question that most Americans must have asked themselves is whether the war with Japan will soon be over as a result of the atomic bomb. It is still too early to give an answer, but there is now a far greater possibility than before that Tokyo will reconsider its rejection of the Anglo-American-Chinese ultimatum issued at Potsdam on July 26. In his statement of August 6, President Truman told the Japanese that, if they do not accept these terms, "they may expect a rain of ruin from the air, the like of which has never been seen on this earth." But it is important to note that he followed this with the threat that "behind this air attack will follow sea and land forces in such numbers and power as they have not yet seen and with the fighting skill of which they are already aware." Evidently Mr. Truman does not feel that the new discovery excludes the possibility of our having to land and fight on Japanese soil. Nevertheless, if matters come to this point, our problems ought to be far simpler than we could have imagined before the development of atomic explosives.

The announcements of August 6 have crowded many other subjects into the background. It is therefore all the more important that we pick up the lines of thought that were dropped so soon after the Potsdam conference and that we appreciate the significance of that meeting for the Far East.

While the Big Three were still in session, the

suggestion was made in this country that they might issue a joint ultimatum demanding Japan's unconditional surrender. Actually what emerged from the conference was the three-power declaration of July 26 signed by the United States, Britain and China, and not by the Soviet Union, although the Russians may have been in on the discussions. It is no exaggeration, however, to say that the Potsdam Declaration of the Big Three was a severe blow to Tokyo's hopes that in some way it could secure a negotiated peace. The unity of the leading powers on the future of Germany, the most important problem before them, and the stern measures adopted to destroy the economic and political foundations of German might, must strike fear into the hearts of Japanese leaders. This seems particularly true, in view of the use of the atomic bomb.

ALTERNATIVES FOR JAPAN. When the Anglo-American-Chinese ultimatum to Japan was rejected by Premier Suzuki, the Potsdam decisions on Germany were still in the making, and the existence of the atomic bomb was an Allied secret. Today Tokyo is in a position to realize the consequences of continued resistance and to compare the terms of the ultimatum with those imposed on a partner nation which refused to surrender short of utter defeat. The German state has completely disappeared for the time being; German industry is to be reduced to a shadow of its former strength, and large sections of the pre-war Reich have been assigned to Poland and Russia. On the other hand, the Potsdam ultimatum to Japan, although demanding total disarmament, punishment of war criminals, the break-up of the Japanese empire and the end of war industry, promised a limited occupation (confined to designated points), territorial integrity of the home islands, access to raw materials from abroad, eventual participation in world trade, and withdrawal of the occupying forces

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after the accomplishment of Allied objectives and after "there has been established in accordance with the freely expressed will of the Japanese people a peacefully inclined and responsible government." Although the language of the ultimatum admits of more than one interpretation, the general tenor of the note suggested that the Japanese state would not be destroyed and that Japan would be allowed to retain the Emperor system if the other conditions were met.

Japan's rejection of the Potsdam ultimatum was the first practical test of official Allied efforts to split the Emperor and associated circles from the extreme militarist clique in the ruling coalition. Previously the soundness or unsoundness of this approach had been entirely a matter of theory. Now, under the impact of the Japanese rejection, some American commentators are urging that we alter our policy by seeking to drive a wedge between the Japanese people and their rulers as a whole, rather than between different sections of the Japanese leaders. This is a sensible point of view, for the time has certainly come to recognize that our enemy is the entire Japanese state with its aggressive political and economic structure centered about the Emperor. But it would be a mistake to think that if we concentrate on the people of Japan, we will have to give up our

BIG THREE SETTLE ALLIED ACCOUNTS WITH GERMANY AT POTSDAM

The Potsdam Declaration, issued on August 2 at the close of what history is to know as the Berlin Conference, has as its central theme the liquidation of Germany's military power and its industrial potentialities to wage war in the future. Germany is not broken up into three or four states, as had been proposed earlier by some Allied commentators. The Big Three agree that in the four zones of occupation (American, British, Russian and French) uniform treatment shall be accorded to the German population "so far as is practicable"; and that during the period of occupation Germany will be treated as a single economic unit. The unification of the Allies' policy toward Germany, which was urgently needed, is thus provided for.

But German territory does not remain intact. It is in reality split into two areas—the area east of the Oder, which is to be divided between Russia and Poland, "pending final determination" of their respective western frontiers; and the area west of the Oder, divided into the four Allied zones of occupation. Most of East Prussia, cradle of Prussian militarism, including the city of Koenigsberg, is assigned to Russia. The remainder of East Prussia, the port of Danzig (a bone of contention between Germany and Poland during the inter-war years), and Silesia, rich in coal and industrial installations, is assigned to Poland—in compensation for Eastern Poland,

efforts to split Japan's ruling groups.

SPLITTING THE TOKYO GOVERNMENT. On the contrary, the more effectively we divide the Japanese people from their rulers, the more successful will we be in sharpening whatever differences there are inside the Tokyo government. For it is obvious that when a régime is in a state of military crisis it tends to fly apart more easily if it is at the same time under strong pressure from its own people than if it is able to operate with an assurance of domestic stability and is obliged to think only of the foreign enemy.

At present our propaganda to Japan is quite properly centered on the effects of atomic bombings, but it would be a mistake to imagine that political questions have ceased to be of importance to us. It is possible that our new weapon may of itself be enough to force the Japanese to yield, but we do not yet know this to be a fact. And, in any event, the political issues that have occupied our attention in wartime will still face us in a defeated Japan, although in somewhat changed form. Despite the development of the atomic bomb, this is still a political and economic world and the existence of superior weapons ought to be accompanied by the development of a superior policy.

LAWRENCE K. ROSINGER.

TERRITORIAL CESSIONS CREATE FUTURE THREAT.

taken by Russia in 1939. This territorial exchange had been approved, in principle, at the Yalta Conference. In spite of France's often-proclaimed desire for the Rhineland, no territorial cessions in the west are envisaged in the Potsdam Declaration.

TERRITORIAL CESSIONS CREATE FUTURE THREAT. No one familiar with the sufferings and depredations inflicted by the Germans on neighboring nations would urge a "soft peace," or any arrangement calculated to perpetuate Germany's military power. But it may well be asked whether the Big Three are not making to Poland a dubious, and potentially dangerous gift. True, the Potsdam Declaration provides for the transfer of German populations, not only in Poland but also in Hungary and Czechoslovakia (which remembers all too vividly the problem created by the presence of three and a half million Sudeten Germans within its borders). This transfer, which will at least forestall agitation by German minority groups for reunion with the Reich, was already under way. The Big Three, however, agree that any transfers that take place "should be effected in an orderly and humane manner"; and request the governments of Germany's three eastern neighbors to suspend further expulsions until they have had time to examine the reports of their representatives on the Allied Control Council concerning the time and rate at which "further transfers could

be carried out having regard to the present situation in Germany."

Germany's territorial losses and the transfer to the Reich of German populations estimated at between 10 and 15 million are bound to have serious repercussions on the German economy, whose activities are drastically curtailed by the Potsdam Declaration. It was to be expected that all production of items "directly necessary to a war economy" would be "rigidly controlled and restricted to Germany's approved post-war peacetime needs"; that productive capacity not needed for permitted production would be removed or destroyed; and that the production of arms, ammunition and implements of war would be prohibited and prevented. In view of the monopolistic, far-reaching control exercised by certain German industries through cartels and other arrangements, it was also to be expected that provision would be made for decentralization of German economy.

TWO ZONES OF REPARATIONS. For the collection of reparations Germany is again divided into two areas. Russia is free to remove food, machinery, tools and so on from the area it occupies, with the proviso that out of its share it is to settle Poland's claims to reparations. The claims of the United States, Britain and other countries "entitled to reparations" (including, presumably, France) are to be met from the zones occupied by the Western powers and from Germany's assets abroad. Russia, already rich in gold, makes no claim to gold captured by the Allies in Germany; but it is accorded 25 per cent of reparations from the western zone. Of this share 15 per cent, to be collected "in the first place" from the metallurgical, chemical and machine manufacturing industries "unnecessary for the German peace economy," is to be exchanged for an equivalent value of food, coal, potash, timber, petroleum, and so on from the Russian-occupied zone; and 10 per cent is to be transferred to Russia on account of reparations without payment or exchange of any kind.

The Potsdam Declaration provides that, in organizing the German economy, "primary emphasis shall be given to the development of agriculture and peaceful domestic industries." This is a desirable objective provided Germany retains areas capable of producing sufficient food for its population. It is in this connection, particularly, that the assignment of Germany's richest agricultural areas in the east to Poland and Russia, plus the transfer of several million Germans into an agriculturally impoverished

Reich, raise serious questions as to the viability of the economic plans drawn up for post-war Germany.

The aim of the Berlin conferees—an aim that will have the hearty approval of all of Germany's victims—is "to maintain in Germany living standards not exceeding the average of the standards of living of European countries" (exclusive of Britain and Russia). This is important if Germany's neighbors are to recover from the losses of manpower, technical skill, and productive resources they suffered during the war. But the European countries which proved economically and militarily unable to resist Germany will benefit only negatively from arrangements projected for Germany's economy unless the Big Three aid them to develop their economies to the level attainable by the technically superior Germans; and provide them with the manufactured goods they need in quantities and at prices comparable to the terms that might otherwise be offered by a peaceable German industry. The Potsdam Declaration provides in every conceivable way for methods to make Germany weak. But it is strikingly barren of provisions to make the rest of Europe strong.

Such provisions must find a place in future agreements to be negotiated by the Council of Ministers of the Big Five, created at the Berlin Conference, which is to have its headquarters in London. This Council will have as its first task the drawing up of peace treaties with other ex-enemy countries, Italy, Rumania, Hungary and Bulgaria. But in the course of settling Allied accounts with Germany and its satellites, we must not forget the needs and aspirations of countries in Europe which bore the brunt of German aggression and are now struggling with painful problems of rehabilitation. It would be comforting to believe that Germany's lightning conquest of Europe was due solely to its superior military and industrial power. But the trial of Marshal Pétain, the memoirs of Reynaud, the diaries of Ciano, all underline a lesson we should have learned long ago: that fundamental political and economic weaknesses in countries attacked or threatened by the Germans greatly facilitated Hitler's initial victories. These weaknesses must be clearly understood and unremittingly corrected if we are to give the Germans an example of how to reconstruct their life on "a democratic and peaceful basis," as provided in the Potsdam Declaration; and if we are to discover for ourselves how to assure conditions of security and stability for the rest of the world.

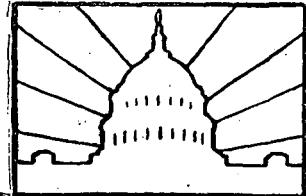
VERA MICHELES DEAN

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Washington News Letter



POTSDAM PROGRAM FOR GERMANY

By their decision to weaken the German economy, the Big Three at Potsdam undertook a task that must be well done or the prospect of peace will be endangered. The Potsdam agreement among President Truman, Prime Minister Attlee and Marshal Stalin, announced on August 2, eliminates Germany as the industrial heart of Europe. That bold step was taken in the face of advice from a number of experts in both the United States and Britain that to reduce drastically Germany's industrial potential would mean a serious lowering of the general European economic level. Since, however, this has been done, the Potsdam program should be followed by agreement on a plan for establishing easy commercial interchange and a workable economic interdependency among non-German European states which will not only maintain but elevate pre-war economic conditions on the continent. The Potsdam negotiators stressed their determination to isolate Germany economically in their announced desire to "reduce the need for imports" by that country. The absence of imports would make it unnecessary for Germany to develop an export industry as the means of financing imports, and therefore further reduce its chances of returning to its pre-war status as one of the world's major industrial powers.

ECONOMIC SECTIONS REFLECT AMERICAN VIEWS. The economic sections of the Potsdam agreement reflect in large measure the suggestions of the United States delegation, and indicate that President Truman is committing this country to long-term participation in European affairs. Having assumed a share of the responsibility for the future of Germany, the United States can ill neglect the future of its neighbors.

The economic settlement of Germany is set forth in two chapters of the Potsdam agreement. The chapter on economic principles aims at elimination of the industrial cartels by which the Reich tied to itself the economies of close and distant neighbors; instead it guides Germany toward the development of agricultural pursuits and small industries rather than the machine-age enterprises that for a century have been the backbone of the Reich.

The chapter on reparations, requiring that Germany submit to removal of industrial capital equipment to the Soviet Union, Britain, the United States "and other countries entitled to reparations," facilitates the Reich's movement toward an agricultural

SPELLS NEW EUROPEAN ECONOMY

economy. The granting to Poland of a portion of Germany up to the Oder deprives it of additional heavy industry and fuel resources.

The reparations settlement, carrying out the policy of "reparations in kind" agreed on at the Crimea Conference in February, sets Germany on an entirely different road from the one it traveled after World War I. The Versailles peace called for monetary reparations; it thus led economists of the stature of John Maynard Keynes to urge bolstering of the German economy, because the more it produced and sold the more easily it could meet the reparations debt. The new approach to reparations does not, of course, give complete assurance that international tensions will not arise after this war, but it is based on a more realistic concept of the relation between victor and vanquished.

The economic agreement underlined the unity of the three powers represented at Potsdam. They agreed that "during the period of occupation Germany shall be treated as a single economic unit" despite the fact that the country is divided into zones of occupation. However, the complete economic settlement of Germany must await an ancillary understanding with France, which, not represented at Potsdam, advocates the severance from Germany of three major industrial regions: the Saar, which France is said to want for itself; the Rhineland, which it probably will seek in the name of security; and the Ruhr. After all agreements have been completed, however, the question will remain whether the new Germany can provide at least a subsistence standard of living for its large population.

IMPROVES U.S. SECURITY. The United States buttressed its security through the agreement in the economic principles chapter that "at the earliest practicable date the Germany economy shall be decentralized for the purpose of eliminating the present excessive concentration of economic power as exemplified in particular by cartels, syndicates, trusts and other monopolistic arrangements." The international cartel, especially I. G. Farben, was one of Germany's chief agencies of influence in the Latin American republics, where the United States combatted Nazi control long before this country actually entered the war. The cartel also brought about the alliance of many important American industries with German enterprises—a situation which this country wishes to prevent from recurring in the future.

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